

**INCOMING TELEGRAM**

*Department of State*

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Action

Classification

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SENT DEPARTMENT COLUX 155; REPEATED INFORMATION BONN COLUX 45, BRUSSELS COLUX 35, THE HAGUE COLUX 31, PARIS COLUX 65, ROME COLUX 33, GENEVA 31, LONDON 34, DUSSELDORF 22.

BRUSSELS ALSO FOR USEC, PARIS ALSO FOR USRO.

Reference: COLUX 150.

ICA

CIA

HA explanation to German Government of recommendation for duty-free minimum import quota five million tons coal in 1959 is based on balance sheet drawn up after consultations with government experts and coal producers. However original balance sheet presented by HA to ECSC Consultative Committee meeting of January 14. COLUX D-112. Included production estimate of 130 million tons and import estimate of 7.7 million tons of which 6 million tons from US, resulting in increase 2.2 million tons pit head stocks. Above production estimate represents decrease of 2.6 million tons from 1958 level. HA now contends that reduction in import figure from 7.7 million tons to 5 million tons was designed to eliminate need for cut in production from 1958 level, thereby avoiding additional unemployment.

Original HA balance sheet was based on premise, now considered over-optimistic, that reduction in output would not result in increased unemployment because of increased assignment manpower to indirect production, e.g., extension mineshafts.

BUTTERWORTH

SW: JRR-9

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